

Message Text

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ORIGIN EB-08

INFO OCT-01 IO-13 ISO-00 STR-04 AGRE-00 CIAE-00
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FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L STATE 215771

GENEVA FOR PHELAN

E.O. 11652: GDS

TAGS: ETRP, KS

SUBJECT: CABLE RE EEC BILATERALS

REFTEL: (A) SEOUL 6979 (B) SEOUL 7091 (C) GENEVA 7253
(D) TOKYO 13363

WOULD APPRECIATE YOUR COMMENTS SOONEST ON FOLLOWING DRAFT
CABLE TO BE SENT TO BRUSSELS USEC.

TEXT: 1. SUMMARY. LINE REPORTEDLY TAKEN WITH KOREA AND
OTHER SUPPLIERS BY EC TEXTILE TEAM PRESENTS DELICATE AND
POTENTIALLY SERIOUS PROBLEM FOR USG. AMBASSADOR OR DCM
SHOULD DISCUSS MATTER AT SENIOR LEVEL WITH EC COMMISSION.
END SUMMARY.

2. NEITHER WE (FYI NOR JAPANESE, END FYI) CAN AGREE THAT
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MFA AS PRESENTLY FORMULATED (WITH OR WITHOUT W-44) PERMITS
ROLLBACK OF TYPE AND DEPTH DESCRIBED REFTELS (A AND D)
WITH ADEQUATE TRUE VALUE COMPENSATION ELSEWHERE IN AN
AGREEMENT. IF EC WERE TO NEGOTIATE A BILATERAL CONTAINING
SUCH A PROVISION, WITHOUT ADEQUATE COMPENSATION, THIS
WOULD MOOT AN MFA SAFEGUARD VITAL TO EXPORTING COUNTRIES
AND, IN OUR OPINION, WOULD SERIOUSLY ENDANGER CHANCES FOR

MFA RENEWAL. (FYI. WE ARE ALSO THINKING OF ADDING AT THIS

POINT THE FOLLOWING SENTENCE. "THE USG WOULD HAVE NO CHOICE BUT TO CHALLENGE SUCH A BILATERAL BEFORE THE TSB." END FYI)

3. OF MORE IMMEDIATE IMPORTANCE, THE SUCCESS OF THE DIPLOMATIC CONTACTS WE ARE CURRENTLY MAKING TO URGE RENEWAL OF MFA ON THE BASIS OF UNDERSTANDINGS CONTAINED IN WORKING PAPER W-44 WILL DEPEND LARGELY UPON OUR ABILITY TO PERSUADE COUNTRIES THAT W-44 LANGUAGE MERELY RE-AFFIRMS, AND DOES NOT ALTER IN ANY WAY, THE FLEXIBILITY ALREADY INHERENT IN THE MFA. WE RECOGNIZE THAT EC CIRCUMSTANCES REQUIRE IT TO NEGOTIATE "TOUGH" BILATERALS, AND THAT EC POSITION ON MFA RENEWAL WILL DEPEND TO A LARGE EXTENT ON ACHIEVEMENT OF BILATERALS SATISFACTORY TO MEMBER STATES; NEVERTHELESS COMMISSION MUST RECOGNIZE THAT WE ARE INVESTING CONSIDERABLE DIPLOMATIC CAPITAL IN OUR ACTIVE ADVOCACY OF FORMAL UNDERSTANDINGS RESPONSIVE TO EC NEEDS (I.E., WORKING PAPER W-44). WHILE WE WOULD NOT WANT TO INTERFERE WITH WHAT MAY BE ONLY AN INITIAL NEGOTIATING STANCE, COMMISSION SHOULD BE AWARE THAT THE SORT OF EXTREME POSITION WHICH WE UNDERSTAND WAS TAKEN BY EC TEAM (TRAN, SUTTON, ET AL) AT SEOUL AND ELSEWHERE TENDS TO SUPPORT VIEW OF THOSE COUNTRIES WHICH ASSERT THAT W-44 LANGUAGE DOES CHANGE MFA, AND TO UNDERCUT OUR IN-CONFIDENTIAL

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SISTENCE THAT THERE IS NO CHANGE.

4. AMB. OR DCM IS REQUESTED TO MAKE THE ABOVE POINTS TO SENIOR LEVEL OF COMMISSION AT EARLIEST OPPORTUNITY, AND REPORT REACTIONS.

5. FYI. IT APPEARS TO US THAT TRAN MAY IN FACT BE TRYING PURPOSELY TO GENERATE A STRONG NEGATIVE REACTION FROM EXPORTING COUNTRIES IN HOPE THAT THIS WILL ELICIT A LESS RESTRICTIVE NEGOTIATING MANDATE FROM EC MEMBER STATES THAN THAT WHICH NOW APPEARS LIKELY. WHETHER OR NOT THIS IS HIS PURPOSE, WE BELIEVE USG DEMARCHE OF THIS SORT IS NECESSARY AT THIS TIME TO IMPRESS UPON EC THE SENSITIVITY FOR US OF THE PATH THEY ARE WALKING. WORKING PAPER 44 LANGUAGE WAS CAREFULLY (AND PAINFULLY) DRAFTED TO MEET EC'S ACKNOWLEDGED STRONG NEED FOR OPTICS. IF, IN NEGOTIATING BILATERALS, EC SHOULD ACT AS THOUGH IT BELIEVES W-44 LANGUAGE MODIFIES MFA SAFEGUARDS, PARTICULARLY IF IT IS TAKEN TO MEAN THAT BILATERALS NEED NOT BE MORE LIBERAL ON OVERALL TERMS THAN ARTICLE 3 ACTIONS ARE REQUIRED TO BE, THEN USG WILL AT SOME POINT BE FORCED TO REACT PUBLICLY.

IN OUR VIEW THE OPERATIVE WORDS IN W-44 ARE (A) "REASON-
ABLE DEPARTURES" AND (B) "FROM PARTICULAR ELEMENTS" OF
THE MFA. WHAT WE HAVE HEARD OF EC DEMANDS AT SEOUL AND
ELSEWHERE SOUNDS TO US LIKE (A) UNREASONABLE DEPARTURES,
AND (B) DEPARTURES FROM THE OVERALL TERMS (NOT JUST
"PARTICULAR ELEMENTS") OF THE MFA SINCE IMPLICATION WAS
THAT NO COMPENSATION WAS INTENDED. END FYI. UNQUOTE

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